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**BRAZIL**

## **Politics overshadow Mercosur meeting**

**The political climate in South America has shifted to the left, undermining some of the trade potential of the Mercosur bloc.**

By Michael Astor

Associated Press

**RIO DE JANEIRO** - South America's lunge toward the left is overshadowing the goal of free trade as the continent's most prominent leaders head to Rio today for a two-day summit of the fractured Mercosur economic bloc.

The Mercosur leaders plan to consider membership requests from Bolivia and Ecuador and to discuss the implementation of a development fund for the bloc's poorer countries.

The trade bloc was born 16 years ago when Brazil, Argentina, Uruguay and Paraguay agreed to seek economic integration and free trade -- goals that have been largely frustrated by squabbling.

It grew last year to include Venezuela, whose President Hugo Chávez says he seeks a "socialism for the 21st century" that seeks to unite the region's economies but has little to do with free trade.

Chávez has proposed a vast regional petrochemical network and joint regional industries while investing in Argentine debt. But he began a new six-year term last week with a plan to nationalize key industries.

Some 600 federal troops are deployed to protect the summit at the famed Copacabana Palace Hotel in Rio, where a wave of violence launched by drug gangs killed 19 people last month.

### **PURPOSE IN QUESTION**

Bolivia and Ecuador -- both led by leftists critical of U.S. economic and political influence -- are expected to ask for full membership in Mercosur, leaving experts wondering about the organization's purpose.

"Mercosur is no longer about trade, really," said Riordan Roett, director of Western Hemisphere Studies at Johns Hopkins University. "The new joiners don't have much to trade, they are opposed to free trade it seems. The organization is more and more political and to some degree anti-American."

Chávez frequently calls U.S. President George Bush "the devil." Presidents Evo Morales of Bolivia and Rafael Correa of Ecuador oppose U.S.-backed trade liberalization.

The Mercosur cast is balanced by Brazilian President Luiz Inácio Lula da Silva, who was elected as a leftist but governs as a centrist. He has cordial relations with Bush and also gets along with Chávez.

But Lula da Silva has led opposition to U.S.-backed efforts for a Free Trade Area of the Americas from Canada to Chile. Brazil has emerged as a key player among developed nations who want big farm subsidy concessions from rich countries in World Trade Organization talks launched five years ago in Doha, the capital of Qatar.

Mercosur will likely "take increasingly anti-globalization, anti-Doha positions," Roett said.

On paper, Mercosur is a force to be reckoned with, uniting some 250 million people living in an area covering 4.9 million square miles with a gross domestic product of \$1 trillion, or about 76 percent of the total for South America.

But the Mercosur nations have struggled for years to resolve their own trade disputes; it has become more a symbol of regional unity than a free-trade zone.

In the most recent trade spat between South America's two largest economies, Argentine farmers accused Brazil of dumping pork at below market prices.

The two countries are also at odds over Brazilian exports of resin to Argentina to make soda-pop bottles, and they have previously sparred over trade in cars and appliances.

### **SMALLEST MEMBERS**

Uruguay and Paraguay, which have the bloc's smallest economies, have long complained their concerns are overlooked. Uruguayan and Paraguayan officials have floated the idea of abandoning Mercosur in favor of bilateral deals with the United States.

Agustin Cornejo, a researcher at the Washington-based Institute for International Economics, said one of the biggest issues for Mercosur is whether the bloc "can contain Chávez or whether Chávez will dilute Mercosur.

"Mercosur has always upheld democratic principles, but Chávez's definition of democracy is very crude, even by Latin American standards," he said. "Will Mercosur leaders look the other way?"